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AMERICAN BAR ASSOCIATION

October 5, 2015

Honorable Charles E. Grassley
Chairman
Committee on the Judiciary
United States Senate
Washington DC, 20510

Honorable Patrick J. Leahy
Ranking Member
Committee on the Judiciary
United States Senate
Washington DC, 20510

Re: S. 1890, the Defend Trade Secrets Act of 2015

Dear Chairman Grassley and Ranking Member Leahy:

I write to express the views of the American Bar Association Section of Intellectual Property Law on S. 1890, the "Defend Trade Secrets Act of 2015." These views have not been submitted to or approved by the ABA House of Delegates or Board of Governors, and should not be considered to be views of the Association.

There is no generally applicable federal private cause of action whereby an owner of a trade secret can seek redress for misappropriation of a trade secret. Relief must be sought under state law, and most states and the District of Columbia have in effect some version of the Uniform Trade Secrets Act (UTSA).

Congress recognized the need for federal protection of trade secrets when it enacted the Economic Espionage Act of 1996. That law authorizes criminal penalties of imprisonment for up to 15 years and a fine of not more than \$10,000,000 for the theft of trade secrets for the benefit of a foreign government or other foreign interest. Lesser penalties are provided for misappropriation not benefiting foreign interests but which relate to products in interstate or foreign commerce. The Attorney General of the United States has the authority to seek injunctive relief against the theft of trade secrets, but the Act does not contemplate a private cause of action by the owners of those trade secrets. The Section of Intellectual Property Law supports establishment of such a cause of action, and urges the enactment of S. 1890 for this purpose.

Currently in the United States, trade secrets are protected under an un-harmonized patchwork of trade secret laws that is ill-equipped to provide an effective civil remedy for companies whose trade secrets are stolen. Not all states have adopted the UTSA, and many differ in the interpretation and implementation of existing laws. For instance, many states define protectable trade secrets differently and also have different requirements for the maintenance of claims for trade secret misappropriation. To give but two examples, some states have found a novelty requirement for information to be considered a trade secret, and some are more protective than others of customer lists.

States have differing statutes of limitations for trade secret claims, and there are also significant differences in the availability of monetary relief. Many states have not enacted Section 8 of the UTSA, which calls upon each state to construe and apply the law to achieve uniformity among states. Moreover, victims of trade secret theft can face lengthy and costly procedural obstacles in obtaining evidence when the misappropriator flees to another state or country or transfers evidence outside the state.

S. 1890 is the product of several years of congressional consideration and development. The Section of Intellectual Property Law has followed these developments and, in doing so, has identified essential components that should be included in a bill to establish a federal private cause of action for misappropriation of a trade secret. These components include:

- a definition of trade secret that is clear and effective and not unduly restrictive or overly technical;
- a clear delineation of the requirements for a federal cause of action;
- the availability of remedies that are comparable to those available under the UTSA, including provisions providing for injunctive relief and monetary relief in the form of royalties, disgorgement of the proceeds of unjust enrichment, and exemplary damages;
- provisions for seizure orders that adequately limit the circumstances in which they may be issued and executed and that provide for the custody, security, and access to seized property; and
- confirmation that the bill's enactment will not preempt state trade secret laws.

Because S. 1890 contains these essential components, the Section of Intellectual Property Law supports its enactment.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Theodore H. Davis Jr.", with a stylized flourish at the end.

Theodore H. Davis Jr.
Section Chair
American Bar Association
Section of Intellectual Property Law